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RUEHSA/AMEMBASSY PRETORIA 0032  
RUEHEG/AMEMBASSY CAIRO 0068  
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SUBJECT: JUBA OPENS ITS FIRST COMMERCIAL BANK

**¶11. (U) SUMMARY:** In a three-hour ceremony on February 1, a large gathering of influential southern Sudanese, supported by a large crowd, celebrated the official opening of the Nile Commercial Bank (NCB), the first institution of its kind in Juba. NCB was reportedly the brainchild of John Garang, who pressed for the development of institutions in areas held by the SPLA. The NCB was constituted by a group of investors, with SPLA support, in Yambio in January 2002. It opened its first branch there in September 2004, in Rumbek in early 2004, and in Juba in September 2005. End Summary.

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Strengths and Weaknesses  
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**¶12. (U)** Executive Director Aggrey Idris listed the services the bank would offer: checking and savings accounts, money transfers between five southern cities and Nairobi and Kampala, commercial loans and micro finance, letters of credit, and salary advance loans for those employed by the GoSS and NGOs. He described NCB's affiliation with the Standard Bank Group of South Africa through the affiliate Stanbic of Kenya and Uganda. Stanbic had provided training for 51 NCB employees, and in March 2006 NCB expected to be computerized and linked to the outside world through its own VSAT. They expected to expand into Malakal, Wau and Renk by the end of the year.

**¶13. (U)** Idris listed the challenges that confront the NCB. The lack of an autonomous Central Bank of South Sudan, and the resultant shortage of currency, was problematic. The bank was not heavily capitalized, because it had access to neither donor nor SPLM resources, and the low salaries available had attracted an inexperienced staff. He stressed that the principal threat was the expressed desire of international and regional banks to locate in the South, which would create a competition that the fledgling NCB could not hope to win. He called for the GoSS to limit outside banking competition during the CPA interim period, noting that some of NCB's would-be competitors had "supported the enemy" during the war. In following remarks, the NCB Chairman of the Board repeated the call for GoSS protection, likening the situation to a parent who has painfully prepared food for his/her children only to see someone else allowed in the house to consume the feast.

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All Credit to Us, All Blame to the North  
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¶4. (SBU) James Wani Igga, Speaker of the Legislative Assembly of Southern Sudan, represented the GoSS. He turned the event into a political pep rally, stressing that the SPLM was delivering on its promises of a peace dividend for the people, the opening of the NCB one important installment. Wani Igga blasted "traders" (read Northern merchants) as enemies who "milked the South" and sent their earnings to Khartoum. He called for measures to oblige traders to bank their money -- "not necessarily with NCB" (although there are no other options at this time) -- and said the GoSS must monitor such accounts. He added that NGOs operating in the South should also consider using now available local new banking facilities. A six-person South African banking delegation attended the inauguration.

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Comment  
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¶5. (SBU) NCB's opening represents yet another step toward rebuilding southern institutions shattered by more than two decades of war. It is on balance a positive step, but one that bears watching. While it may have been only political bombast, Wani Igga's suggestion that the GoSS might consider monitoring private traders was noteworthy. We have also heard unofficially that the GoSS intends to give NCB special, possibly monopolistic, privileges that could -- considering NCB's under-capitalization and lack of expertise -- hamper the establishment of a formal, competitive banking sector throughout the South. In a side meeting, Idris commented on a report that the Kenya Commercial Bank is seeking a license for operations, saying that "no one wants them down here." A large banner festooning the front of the bank building read: "Our vision is to become the leading finance service provider in the New Sudan." The rhetoric suggested that NCB's desire is that it be the only one.

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